

OTHER ELECTIVE

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Other Elective

Lieutenant Governor

Auditor of Accounts

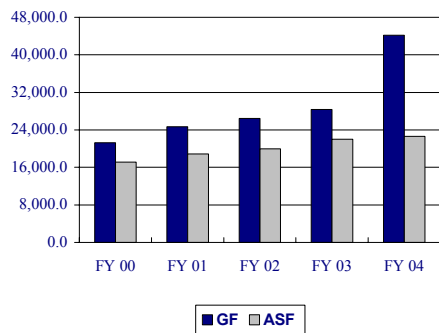
Insurance Commissioner

State Treasurer

- Regulatory Activities
- Bureau of Exam, Rehabilitation and Guaranty

- Administration
- Debt Management
- Refunds and Grants
- (Not a Unit for Budgeting Purposes)

Five-Year Appropriation History



FUNDING

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	45,177.5	44,198.7	65,137.7
ASF	21,319.7	22,653.8	22,970.0
TOTAL	66,497.2	66,852.5	88,107.7

POSITIONS

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	59.0	55.0	55.0
ASF	95.0	92.0	92.0
NSF	2.0	2.0	2.0
TOTAL	156.0	149.0	149.0

Auditor of Accounts

- ◆ Recommend inflation and volume adjustment of \$40.0 in Contractual Services associated with increased costs of contracting for services with Certified Public Accountant (CPA) firms.

Insurance Commissioner

- ◆ Recommend inflation and volume adjustment of \$299.5 ASF in Personnel Costs based on salary and healthcare reconciliation, \$16.8 ASF in Contractual Services for anticipated expenditures in the Workplace Safety Program, \$8.8 ASF in Arbitration Program and \$150.0 ASF in Contract Examiners to align spending authority with projected need based on the history of expenditures.

State Treasurer

- ◆ Recommend one-time funding of \$50.0 in the Budget Office's contingency for the Governor's Task Force on Financial Independence initiatives.

FY 2005 BUDGET HIGHLIGHTS

OPERATING BUDGET:

Lieutenant Governor

- ◆ Recommend base funding to maintain Fiscal Year 2004 level of service.

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LIEUTENANT GOVERNOR

12-01-01

MISSION

To fulfill the constitutional duties of the office by effectively presiding over the state Senate, fairly and equitably chairing the Board of Pardons, assisting the Governor when asked and providing complete and efficient services to constituents. Additionally, to help improve schools, promote healthier lifestyles, make government more constituent friendly and find new economic opportunities for Delaware.

KEY OBJECTIVES

- Promote healthy lifestyles as a tool to improve quality of life for all Delawareans and reduce the incidence of chronic diseases.
- Identify models used at Delaware public schools that have raised student achievement and provide those schools the opportunity to share their successes and practices with other schools.
- Serve residents by helping them navigate state government to find the answers to their questions and the solutions to their problems.
- Identify, study and develop ways to address the health disparities among minority populations.

BACKGROUND AND ACCOMPLISHMENTS

The constitutional duties of the Lieutenant Governor are President of the Senate and President of the Board of Pardons. The office also handles constituent work and other initiatives to serve the residents of Delaware.

FUNDING

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	383.1	425.1	481.7
ASF	--	--	--
TOTAL	383.1	425.1	481.7

POSITIONS

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	6.0	6.0	6.0
ASF	--	--	--
NSF	--	--	--
TOTAL	6.0	6.0	6.0

ACTIVITIES

The duties and activities of the Lieutenant Governor and staff include the following:

- President, Delaware State Senate.
- President, Board of Pardons.
- Chair, Delaware Health Care Commission.
- Chair, Criminal Justice Council.
- Chair, Delaware Center for Education Technology.
- Chair, Livable Delaware Advisory Council.
- Chair, Interagency Council on Adult Literacy.
- Chair, Committee to Improve Parental and Family Involvement in Education.
- Chair-Elect, National Lieutenant Governors Association.
- Executive Committee, National Lieutenant Governors Association.
- Chair, Small Business Health Insurance Task Force.
- Member, Delaware River and Bay Oversight Committee.
- Member, State Budget Commission.
- Member, Strategic Economic Council.
- Member, United Way Cabinet Committee.
- Honorary Chair, Safe Kids Coalition.
- Honorary Chair, State Employees Charitable Campaign.

PERFORMANCE MEASURES

The following are Fiscal Year 2005 goals of the Office of Lieutenant Governor:

- **Healthy Lifestyles:** Expand the Lt. Governor's Challenge. This healthy lifestyle initiative is meant to encourage Delawareans to increase their daily physical activity, thereby lowering their risk of suffering the most deadly chronic diseases, such as diabetes, heart disease and some cancers.
- **Education:** Continue the Models of Excellence in Education program. The Lt. Governor developed the initiative to identify those schools successfully raising student achievement and to provide them with a

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platform to share their successes and practices with other schools.

- **Health Disparities:** Convene a summit of experts to examine and talk about the health disparities that exist among minority populations.
- **Constituent Service:** Continue to provide timely assistance to Delaware residents in need of help by connecting them with proper agencies and people within state government.
- **Access to State Government:** Continue to lead efforts to establish the Access Delaware Initiative – being undertaken by the Department of Technology and Information – which employs voice recognition technology (VoiceXML). Ultimately, the goal of this project is to build up a portfolio of voice applications that are available through a single number. This menu of applications will be the VoiceXML equivalent to the state's *Delaware.gov* Portal.

AUDITOR OF ACCOUNTS

12-02-01

MISSION

The mission of the Office of Auditor of Accounts is to benefit all Delaware citizens and government leaders and managers by providing high quality audit, review, and investigative services to improve the fiscal integrity and the efficiency and effectiveness of state government operations.

KEY OBJECTIVES

- Issue timely reports that enhance public accountability and stewardship of state and federal government programs and operations.
- Provide high quality services in carrying out the office's responsibilities and in responding expeditiously to customers' concerns.
- Maintain a work environment that fosters and values: trust, competence, open communications and the professional and personal satisfaction of all office personnel.

The broad objectives of the CPA Audit Section are to ensure that the Single Audit, financial/compliance audits, and state-mandated audits are accomplished within the required timeframe as set forth by the federal and state governments. The broad objectives of the Single Audit are as follows:

- To express an opinion as to whether the State of Delaware's financial statements are presented fairly and in conformity with Generally Accepted Accounting Principles.
- To express an opinion as to whether the schedule of expenditures of federal awards is presented fairly in relation to the financial statements taken as a whole.
- To report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- To express an opinion as to whether the State complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.
- To ensure that prior audit recommendations, questioned costs and disallowances reported in the

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Single Audit Report for fiscal year ending June 30, 2002, have been resolved.

The objectives of the state-mandated and financial/compliance audits are to:

- Determine whether the programs are working as intended with the stated purposes, goals, and expected results as set forth by the General Assembly and federal government.
- Determine whether the State of Delaware's internal controls provide reasonable assurance that state-mandated programs are managed in compliance with applicable laws and regulations.
- Complete financial/compliance audits for various state programs.

The objectives of the Economy and Efficiency Audit Section are to:

- Evaluate management controls and policies relating to the use of all public resources and to identify areas where improvements in operations can be achieved.
- Determine whether all state departments, divisions, agencies, and institutions are executing their management responsibilities in compliance with applicable laws, regulations, and management policies.
- Determine the extent that desired results or benefits established by the legislature or other authorizing bodies are being achieved.
- Determine the effectiveness of the organization or the program, activity or functions.

The objectives of the Investigative Audit Section are to perform investigations of complaints or inquiries regarding possible fraud, abuse or waste of state and/or federal funds and to ensure that the Auditor's Hotline Program is a viable service to the citizens of the State of Delaware.

The objectives of the Information Systems (IS) Audit Section are to examine computer systems that have an impact on the state's accounting and operating activities and to provide IS audit support to other audit sections within the office.

BACKGROUND AND ACCOMPLISHMENTS

The audits and investigations completed by the office in Fiscal Year 2003 cumulatively identified more than \$23 million in cost savings, questioned costs and potential fraud, waste, or abuse of state and federal funds.

The Fiscal Year 2002 Single Audit Report, completed during Fiscal Year 2003, contained 57 findings and recommendations and disclosed questioned and disallowed costs that totaled \$13.6 million.

During Fiscal Year 2003, the office completed mandated audit reports which resulted in potential cost savings of nearly \$7.5 million.

The office completed two Economy and Efficiency Audits during Fiscal Year 2003. These audits identified savings of \$1 million to the State of Delaware and its taxpayers. These reports contained 29 recommendations. Several recommendations identified opportunities for improving the efficiency and effectiveness of government operations.

Forty-two in-depth investigations were conducted which revealed waste, fraud, or abuse of nearly \$924,000 in federal and state funds. These investigations disclosed 31 findings and recommendations.

During the Fiscal Year 2003 audit cycle, the following IS audits were completed:

- DMV Internal Controls
- Woodbridge School District Agency Expenditure Controls
- Kronos System

FUNDING

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	2,206.1	2,565.6	2,668.2
ASF	643.4	691.4	691.4
TOTAL	2,849.5	3,257.0	3,359.6

POSITIONS

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	39.0	36.0	36.0
ASF	10.0	6.0	6.0
NSF	--	--	--
TOTAL	49.0	42.0	42.0

ACTIVITIES

The duties and activities of the Auditor of Accounts and staff include:

- Evaluate whether the state's financial statements are fairly presented in accordance with Generally Accepted Accounting Principles;
- Evaluate whether government and quasi-government organizations included in the state's entity have expended federal funds in accordance with the Single Audit Act Amendments of 1996 and various related federal regulations;

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- Evaluate compliance with state laws, administrative regulations, and guidelines, as well as prior year recommendations;
- Evaluate whether state programs are operated economically and efficiently and make recommendations for improvement as needed; and
- Investigate reported instances of fraud, waste, or abuse pertaining to state and federal funds.

The Auditor of Accounts and his staff are active in the following organizations:

- (Staff) State Representative and Program Committee Chairperson – Mid-Atlantic Intergovernmental Audit Forum.
- Second Vice-President - National Association of State Auditors, Comptrollers and Treasurers.
- Member - National Audit Forum.
- (AOA and staff) Member - Association of Government Accountants
- Member - Government Finance Officers of America.
- (AOA and staff) Member – Association of Certified Fraud Examiners.
- (Staff) Member - American Institute of Certified Public Accountants.
- (Staff) Member - Delaware Society of Certified Public Accountants.
- Member – National Electronics Commerce Coordinating Council.
- Member - State Board of Pardons.
- Member - State Insurance Determination Committee.

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Budget	FY 2005 Gov. Rec.
FSA deadline met	Yes	Yes	Yes
\$ cost savings as a result of Audit Reports (millions)	23.0	8.1	10.0
% of recommendations implemented	57	80	80

INSURANCE COMMISSIONER

12-03-00

MISSION

The mission of the Insurance Commissioner is to protect the public interest by regulating the insurance industry, enforcing the Unfair Trade Act as it relates to insurance and assisting Delaware citizens and employers with their insurance needs and concerns.

KEY OBJECTIVES

- Regulate agent licensing.
- Document agent appointments.
- Administer Workplace Safety Program.
- Administer the State Health Insurance Assistance Program – ELDERinfo.
- Provide consumer assistance and education.
- Provide a quick, easy, and affordable forum for the resolution of claims disputes through arbitration.
- Facilitate detection and reporting of insurance fraud.
- Reduce the occurrence of fraud through administrative and limited criminal enforcement.
- Require the restitution of fraudulently-obtained insurance benefits.
- Reduce the amount of premium dollars currently used to pay fraudulent claims.
- License and regulate the activities of Delaware domestic insurers.
- Provide financial oversight for domestic and foreign insurers licensed in Delaware.
- Perform statutory financial examinations of domestic insurers.
- Perform market conduct examinations of insurers who conduct business in the Delaware marketplace.
- Manage and rehabilitate, or liquidate, financially-impaired insurers.
- License all insurers operating in Delaware, including foreign and alien insurers.
- Regulate the market conduct of insurers and other licensees and take enforcement action where appropriate.

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- Review and approve, or contest, rate filings submitted by insurers.

Licensing services objectives for Fiscal Year 2005 are to:

- Eliminate multiple company checks for appointments through communication with licensing administrators and through technology.
- Reduce state and provider administrative work by automating the continuing education reporting process and participating in the National Association of Insurance Commissioners (NAIC) Mid-West Zone Continuing Education Agreement.
- Automate producer form filing process through imaging or more accessible technology.
- Develop website to allow industry and producers to download all licensing forms and reduce the number of phone calls received by the division.
- Increase effective market conduct surveillance for the citizens of Delaware through full participation in the National Association of Insurance Commissioners (NAIC) National Producer Database.
- Continue assessment of the effectiveness of continuing education administration and course content.
- Automate the collection of over \$3 million in license renewal fees.

Consumer Services objectives for Fiscal Year 2005 are to:

- Continue in-house training to enhance the skills of Consumer Services investigators.
- Encourage individual investigators to enroll in programs designed to expand knowledge of the insurance industry and business practices.
- Update and expand consumer information guides and increase outreach programs.
- Build and implement a database to establish and enhance compatibility with NAIC Complaint Database System.
- Provide Delaware consumer complaint statistic ratios to the NAIC Complaint Database System.
- Provide a more uniform response from staff regarding inquiries of rate and policy issues.
- Provide consumer information via Insurance Department website.
- Enhance division telephone in-take system for efficient, streamlined response.

BACKGROUND AND ACCOMPLISHMENTS

The Office of the Insurance Commissioner is a constitutional office created by 18 Del. C. c.3.

House Bill 344 created the Delaware Insurance Fraud Prevention Bureau in Fiscal Year 1995.

The Bureau of Examination, Rehabilitation and Guaranty (BERG) was created under 18 Del. C., the Insurance Code, in 1985.

Producer Licensing Services Division

The Producer Licensing Services Division is responsible for the administration of producer licensing, appointments, continuing education, producer investigations, and insurer licensing market conduct issues. The division is recognized throughout the industry for customer service and license application turnaround time. Advances in automation continue to increase productivity and efficiency while decreasing costs.

The division continues to develop all licensing exams through an annual test development process, which includes a recently integrated ethics requirement. The division provides for the administration of the Continuing Education Program to over 35,000 resident and non-resident licensees.

These activities ensure that only those who are qualified may sell and service insurance and financial products to the citizens of Delaware.

Workplace Safety Program

The Workplace Safety Program, available to employers doing business in Delaware, offers participants the opportunity to earn up to a 19 percent discount on workers' compensation premiums. Employers who have been in operation three complete years or more and whose annual workers' compensation premium is \$3,161 or more are eligible to participate. Once eligibility is established, employers are notified by the Insurance Commissioner and provided with instructions to begin the process of becoming a participant in the Program.

In Fiscal Year 2003, 1,000 employers participated in the program. Since its inception, the program has yielded a cumulative savings of over \$35 million for employers in Delaware.

Several on-line data connections with the Delaware Compensation Rating Bureau are now in operation enabling program staff to access relevant information directly from the bureau's records. This capability has resulted in more timely and efficient gathering of information and documentation needed to implement the program.

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Fraud Prevention Bureau

Accomplishments of the Fraud Prevention Bureau include:

- Sixty-five percent of the cases were resolved by consent, arrest, unfounded, or suspended dispositions.
- Healthcare cases continue to be reported to the bureau. To date, these cases still take up to several months to reach resolution and involve a large number of personnel hours. They also involve joint investigations with state and federal law enforcement agencies and result in criminal prosecution.
- Prevented more than \$5.02 million in reserves from being processed since 1995.
- The Bureau has obtained new software to be used in background investigations of insurance companies and owners seeking admission to Delaware. This software should assist in detecting activity, which might signal the need for further review before approving admission.
- Two current members and one former member of the Fraud Prevention Bureau have been awarded the designation of Accredited Health Care Fraud Investigator (AHCIFI). These three designees are the only such designees holding this accreditation in the State of Delaware.

FUNDING

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	2.1	--	--
ASF	17,951.8	18,736.9	19,043.0
TOTAL	17,953.9	18,736.9	19,043.0

POSITIONS

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	--	--	--
ASF	77.0	77.0	77.0
NSF	2.0	2.0	2.0
TOTAL	79.0	79.0	79.0

REGULATORY ACTIVITIES

12-03-01

ACTIVITIES

- Member, Delaware Health Care Commission.
- Member, Delaware Valley Chapter of International Association of Special Investigative Units (SIU).
- Member, Delaware State Employee and Insurance Coverage Committees.

- Member, National Association of Insurance Commissioners (NAIC).
- Member, NAIC Executive Committee.
- Chair, NAIC Northeast Zone Committee.
- Chair, NAIC Financial Regulation and Accreditation Committee.
- Vice-Chair, NAIC Senior Issues.
- Member, National Insurance Crime Bureau (NICB).
- Member, International Association of Special Investigation Units.
- Member, Chesapeake Chapter of SIU.
- Member, National Health Care Anti-Fraud Association.
- Vice Chair, NAIC Anti-fraud Task Force.
- Chair, NAIC External Claims Fraud Working Group.
- Special Training:
 - Health Care Fraud Detection and Investigation
 - Claims Fraud
 - Certified Fraud Examiner's Fraud Detection and Prosecution
 - Electronic Claims Fraud Detection
 - Fraud and the Provider
 - Computer Forensics

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Budget	FY 2005 Gov. Rec.
# new agents licensed	12,689	13,000	13,200
# agents appointed	*35,966	36,500	37,000
# consumer complaints/inquiries	14,699	14,800	14,950
# consumer complaints resolved	14,116	14,250	14,500
# arbitration cases heard	146	150	155
# arbitration cases closed without hearing	159	165	170
# participants in Workplace Safety Program	1,000	1,100	1,500

**Delaware no longer requires active member appointments.*

BUREAU OF EXAMINATION, REHABILITATION AND GUARANTY

12-03-02

ACCOMPLISHMENTS

Examinations/Financial Analysis – The financial analysis and examination units are continuing to evolve and are always under review for changes to keep pace with the business environment of the insurance industry. The primary responsibilities for both units are to provide financial solvency oversight for Delaware domesticated companies and perform financial and market conduct

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examinations as required by statute or as deemed necessary for the protection of Delaware policyholders. The State of Delaware is highly regarded in the business community for its organization and/or domestication. As such, the demand for domestication/redomestication is significant. This year, the department will under-go its third, five-year accreditation review from the NAIC.

The department has decreased the ratio of companies reviewed by each analyst to a level that would result in the best quality analytical review. The goal for Bureau of Examination, Rehabilitation and Guaranty (BERG) is to continue to maintain and assure the quality and solvency of its oversight by providing adequate training for existing staff, which includes field examiners. Also, continued efforts are being made to automate the financial analysis and examination process by using a software package that will be used by many of the country's regulators.

Due to legislation passed by Congress and signed by the President, states will now need to become more uniform in their best practices and law. The BERG division will continue to keep pace with the NAIC initiatives where applicable and necessary to increase administrative and staff efficiencies.

Market Conduct Oversight - The department will be supplementing this segment through an additional Market Conduct Examiner to oversee life and health concerns. Timely claims payments and advertising agents' conduct relative to product solicitations will be primary responsibilities. The department will also monitor property and casualty insurers through market conduct examinations to assure fair and equitable policyholder treatment. The purpose of the examinations is to ensure that insurers in the Delaware marketplace are adhering to the insurance statutes and regulations of this state.

Rates and Forms - The rates and forms section reached its goal to move to an automatic electronic filing system for rates and forms. Delaware joined other states in using the electronic filing process initiated by the NAIC. With the number of policy filings increasing each year, the electronic filing process initiated by the NAIC will be more efficient for the analyst charged with the responsibility of daily review, and will not be at the expense of protecting Delaware citizens. The department also continues to review policy forms and rate filings manually from insurers licensed to do business in the Delaware marketplace.

ELDERinfo - ELDERinfo is the State Health Insurance Program (SHIP) for Delaware's Medicare population of 120,000. The program is a public service of the Delaware Insurance Department and funded, in part, through a grant from the Centers for Medicare and Medicaid Services (CMS).

The program is designed to assist, educate, and empower people with Medicare and their caregivers with complex and often confusing matters concerning: medical bills, enrollment issues, non-renewals, Medicare+Choice options, guaranteed issue rights, financial assistance with prescriptions, Medicare Savings Programs, long-term care insurance, and other health insurance matters.

Staffing consists of three employees and over 50 volunteer counselors throughout the state conducting one-on-one counseling. From April 2002 through March 2003, the unit assisted over 3,000 beneficiaries and has saved clients a total of \$610,000 with financial assistance, claim reimbursements, and premiums.

The unit will continue to educate the Medicare population through:

- Direct mailers
- Health fairs
- Outreach programs
- Radio/TV interviews
- Senior forums
- One-on-one counseling

ACTIVITIES

- Member, National Association of Insurance Commissioners.
- Member, Society of Financial Examiners.
- Member, Society of Insurance Examiners.

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Budget	FY 2005 Gov. Rec.
# rate and form filings	8,426	8,476	8,550
# companies regulated:			
Domestic	134	140	145
Foreign	1,235	1,256	1,250
# companies examined	47	48	47
# companies liquidated:			
Domestic	4	4	3
Ancillary	0	0	0
# companies under supervision/rehab	4	4	2
# targeted market conduct	9	9	10

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STATE TREASURER

12-05-00

MISSION

To maximize taxpayer value by promoting responsible cash management and investment practices statewide.

FUNDING

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	42,586.5	41,208.0	61,987.8
ASF	2,725.3	3,225.5	3,235.6
TOTAL	45,311.8	44,433.5	65,223.4

POSITIONS

	FY 2003 ACTUAL	FY 2004 BUDGET	FY 2005 GOV. REC.
GF	14.0	13.0	13.0
ASF	8.0	9.0	9.0
NSF	--	--	--
TOTAL	22.0	22.0	22.0

ADMINISTRATION

12-05-01

MISSION

To ensure the accuracy of financial records under the agency's control; manage the state's cash balances in accordance with approved guidelines; administer and assist state employees with the financial aspects of the Deferred Compensation Program; respond in a timely, accurate and courteous manner to any inquiry directed to the department; and faithfully discharge any and all further obligations given under statute.

KEY OBJECTIVES

- Continue to re-engineer and automate the reconciliation of the state's bank accounts.
- Increase participation of eligible employees in the Deferred Compensation Program through effective marketing and investment education.
- Increase the volume of vendor payments made electronically.
- Implement aggregated payments to vendors.
- Increase the number of households participating in the Delaware College Investment Plan.

- Maintain statewide financial literacy effort.
- Continue to champion electronic commerce.

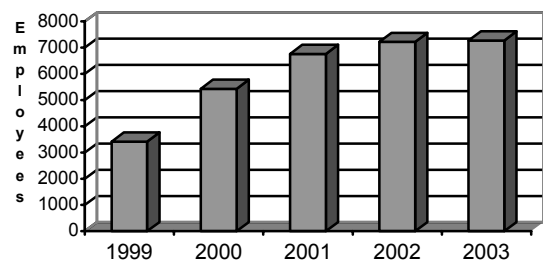
BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2004, the State Treasurer's Office continues to develop and meet ambitious objectives related to improving internal operations and services to agencies, vendors, state employees, and taxpayers. Equally important, this agency continues its successful promotion of financial literacy. Nurturing a savings/investment ethic among state employees and the Delaware citizenry, the Office of State Treasurer partners several financial education initiatives.

Deferred Compensation Program

Since the October 1999 conversion, participation in the State of Delaware Deferred Compensation Program has grown from 3,400 to 7,275 in October 2003. Since the passage of Senate Bill 425, which provides a \$10-per-pay employer match to employee contributions, more than 2,150 employees joined the Deferred Compensation Program. State employees now contribute almost \$800,000 per paycycle toward their retirement. The match also allows for rollovers into and out of 401(k)s, Individual Retirement Accounts, and other qualified retirement plans.

Deferred Comp Program Participation



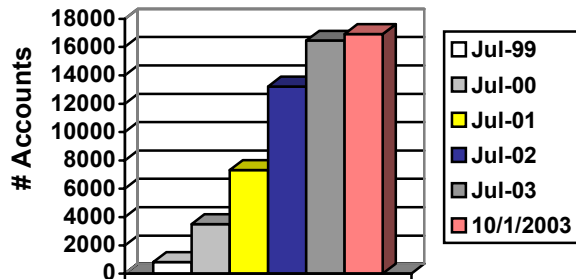
College Savings

Since the appointment of the State Treasurer to chair the Delaware College Investment Plan Board in July 1999, the number of new accounts has grown from 824 to more than 16,900. Assets now total more than \$144 million, up from \$84 million this time last year.

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Delaware College Investment Plan



Re-engineering Reconciliation

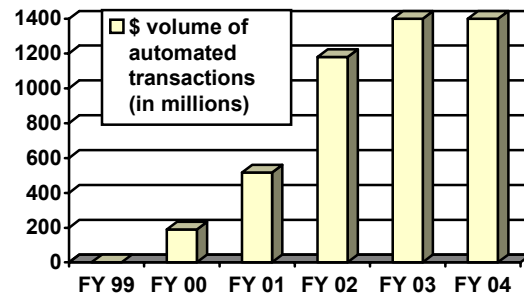
Improvements continue to be made in reconciling the state's major accounts. What had previously been a backlog of months can now be completed within hours. Some examples of improvement include:

- A report of checks and Automated Clearinghouse (ACH) credits issued is now received daily from a generic check software rather than from a monthly download from the Department of Technology and Information;
- Bank errors can be recognized and corrected daily, rather than every 45 days upon receipt of the monthly statement; and
- Regular deposits, wires, and ACH transactions can be matched to the daily bank statement in five minutes versus three hours under the former manual process.

Payables

The generic check operation continues producing payroll, pension, personal income tax refund and vendor checks. This system has proven to be very secure, flexible, and cost-efficient. Enhancements to the generic check software application allow vendors to be paid electronically via an ACH credit, virtually eliminating the manual preparation once required to process electronic payments.

Automated Electronic Payments to Vendors



Financial Literacy

The Treasurer's Office continues to build partnerships with financial professionals throughout Delaware to offer the Delaware Money School, which featured more than 91 classes in fall 2003. The Treasurer also worked with the Delaware State Chamber of Commerce and the University of Delaware, Center for Economic Education in opening additional Bank-In-School programs. There are now over 25 programs operating in elementary and secondary schools throughout the State.

ACTIVITIES

- Daily settlement of the cash position to ensure that funds are recorded in appropriate accounts while maximizing dollars available for investment.
- Administration and promotion of the state Deferred Compensation Program.
- Daily recording and deposit of receipts including tracking Automated Clearinghouse (ACH) activity.
- Reconciliation of major state bank accounts and lockboxes.
- Expeditious disbursement of funds to meet financial obligations, including ACHs, wire transfers, and daily processing of vendor checks.
- Provide service to agencies and schools by issuing stop payment/reissues and other check requests.
- Manage statewide 218 agreements with the federal Social Security Administration.
- Process of payroll, pension, and personal income tax refunds.
- Continue to facilitate cash management projects at the statewide and agency levels that improve efficiency by reducing float, eliminating paper, and streamlining processes.
- Reconciliation of state payroll and payment of federal taxes.
- Audit annual municipal report for street aid and police pensions.

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- Disburse municipal street aid, support to fire organizations and police pensions.

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Budget	FY 2005 Gov. Rec.
# Deferred Compensation participants	7,200	7,300	7,400
# Delaware College Investment Plan accounts	16,246	18,000	19,500
Time to reconcile major accounts	5 days	5 days	5 days
# Manual warrants per month	5	5	5

DEBT MANAGEMENT

12-05-03

MISSION

To manage the state's debt and credit interest to the state's school and special funds with maximum accuracy and efficiency.

KEY OBJECTIVES

- Develop an overall accounting and data retrieval system in the Treasurer's Office that will link bond authorizations, bond sales, amortizations, debt budgeting, and debt payments into an integrated system with less reliance on manual calculations and operations.
- Work with the Division of Accounting to improve electronic reporting of special and school funds interest within the Delaware Financial Management System (DFMS).

BACKGROUND AND ACCOMPLISHMENTS

During Fiscal Year 2003, all debt service payments to the Depository Trust Company were met on the bond due dates which entailed:

- Disbursement of \$117.5 million for 18 General Obligation issues on \$854.3 million outstanding; and
- Collection of \$20.0 million from schools for the repayment to the state of their local share of school construction on \$240.2 million outstanding local share bonds.

Beginning in Fiscal Year 2003, all new bond sale amortizations were recorded in an automated Debt

Manager, which will eliminate the massive key punch system which has been in use since 1971.

ACTIVITIES

- Maintain records required for bond projects as authorized by the yearly Capital Improvement Act from authorization through bond sale and 10 or 20-year amortizations of the projects.
- Provide the Office of the Budget with the fiscal year principal and interest payments due by department, division, and organization.
- Provide Bond Counsel with data relating to bond projects including project identification, description, volume, and chapter required to obtain legal opinion for the bond issue.
- Set up, monitor, calculate and pay interest on approximately 490 special funds on deposit with the State Treasurer. Interest in Fiscal Year 2003 totaled more than \$8.6 million.
- Provide assistance to local school districts in acquiring Attorney General's opinion in securing a Bond Anticipation Note or permanent bond financing of their local share.
- Maintain the school interest table in DFMS to calculate interest to schools for their operation, debt service, and construction funds on deposit with the State Treasurer. Interest paid to school districts on their funds on deposit with the State Treasurer totaled \$8.9 million for Fiscal Year 2003.
- Assist the general public with any inquiries concerning state bonds.

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Budget	FY 2005 Gov. Rec.
% automation of accounting for debt issuances	100	100	100

REFUNDS AND GRANTS

12-05-04

MISSION

To process refunds for improperly collected fees or receipts and maintain an accurate accounting of fiscal year refunds issued. To accurately and timely process grants-in-aid in accordance with legislation.

OTHER ELECTIVE

12-00-00

KEY OBJECTIVES

- Streamline the processing of revenue refunds.

BACKGROUND AND ACCOMPLISHMENTS

As per 29 Del. C. § 2713, the State Treasurer executes a payment voucher as a direct claim in the event that any agency improperly collects fees or receipts that become revenue to the General Fund.

In accordance with the annual grants-in-aid legislation, this agency makes quarterly disbursements to non-profit organizations.